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Ethics and Professional Responsibility for Enrolled Agents

Course #4525G

Exam Packet



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ETHICS AND PROFESSIONAL RESPONSIBILITY FOR ENROLLED AGENTS **(COURSE #4525G)**

COURSE DESCRIPTION

This course is designed to meet specific ethics requirements for Enrolled Agents. It covers the IRS Circular 230, the NAEA Code of Ethics and Professional Conduct Rules, and IRS Practice Issues. Uses the materials entitled *Ethics and Professional Responsibility for Enrolled Agents*. No prerequisites. Course level: Basic. Course #4525G - 2 CPE hours.

LEARNING ASSIGNMENTS and OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment

ASSIGNMENT	SUBJECT
1	Chapter 1: IRS Circular 230 Chapter 2: NAEA Code of Ethics and Rules of Professional Conduct Chapter 3: IRS Practice Issues

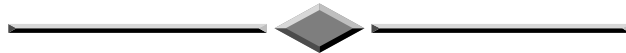
Study the course materials from pages 1-1 to 3-12
Complete the review questions at the end of each chapter
Answer the final exam questions 1 to 10

Objectives:

- To discuss the Internal Revenue Service Requirements as outlined in Circular 230
- To explain the applicable NAEA guidance on tax practice
- To apply the NAEA Rules of Professional Conduct and the IRS rules to common ethical dilemmas faced by EAs in tax practice
- To describe the ethical framework applicable to EAs
- To identify types of conduct that may result in discipline under Circular 230
- To recognize abusive tax shelters and abusive trusts

ASSIGNMENT

- 2 **Complete the Answer Sheet and Course Evaluation and mail to PES for credit**



NOTICE

This course and test have been adapted from materials and information contained in materials entitled *Ethics and Professional Responsibility for Enrolled Agents* and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

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Program publication date 2/2/10

ETHICS AND PROFESSIONAL RESPONSIBILITY FOR ENROLLED AGENTS (COURSE #4525G) – EXAM OUTLINE

COURSE EXPIRATION DATE: Per AICPA and NASBA standards, this course must be completed within one year from the date of purchase.

TEST FORMAT: The following final exam, consisting of 10 true/false and/or multiple choice questions, is based specifically on the material included in this course. The answer sheet must be completed and returned to PES for CPE certification. You will find the answer sheet at the back of this exam packet so that you may easily remove it and use it while taking your test.

LICENSE RENEWAL INFORMATION: The Ethics and Professional Responsibility for Enrolled Agents course (#4525G) qualifies for **2 CPE** hours.

PROCESSING: Your exam will be graded promptly. You must score 70% or better to pass. When you pass, your certificate of completion will be mailed. If you do not pass, we will give you a courtesy call to inform you of this and then another answer sheet will be sent to you free of charge.

GRADING OPTIONS: Please choose only **one** of the following. There is no additional charge for any of these grading options. Make sure to fill out your answer sheet completely prior to submitting it.

- **ONLINE GRADING** –Visit our website at <http://www.mypescpe.com>. Login to your account (if you are a first-time user you *must* set up a new user account). Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder. If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **MAIL** – Your exam will be graded and your certificate of completion mailed to you the same day we receive it. Your certificate will be dated according to the **postmark date**; therefore, you do not need to overnight your exam. Please mail your answer sheet to:

**Professional Education Services, LP
4208 Douglas Blvd., Ste 50
Granite Bay, CA 95746**

- **FAX** – Your exam will be graded and you will be contacted either via phone or fax with your results within 4 business hours of receipt. A copy of your graded exam and certificate of completion will be mailed to you the same day we receive it. Your certificate will be dated according to the fax date. If you choose to fax your exam, please do not mail it. Your fax will serve as the original. Please refer to the attached answer sheet for further instructions on fax grading. Fax number (916) 791-4099.



***Thank you for using
Professional Education Services.
We appreciate your business!!***

ETHICS AND PROFESSIONAL RESPONSIBILITY FOR ENROLLED AGENTS (COURSE #4525G) – FINAL EXAM

The following questions are either true or false and/or multiple choice. Please indicate your choice on the enclosed Answer Sheet.

1. The Office of Professional Responsibility (OPR) is the IRS organization that regulates practice before the IRS. Which of the following is the document that OPR uses to regulate practice before the IRS:
 - a) Publication 17
 - b) Circular 230
 - c) Circular 334
 - d) Title 41, code of Federal Regulations, Part A
2. The IRS has issued regulations governing the practice before the Internal Revenue Service. Which of the following is considered “practicing before the IRS”:
 - a) representing oneself in an audit before the IRS
 - b) accompanying a close relative to an audit appointment
 - c) representing taxpayers under audit where no fee is charged unless a favorable result is obtained
 - d) preparing and signing tax returns as a paid preparer
3. A practitioner obtains a new client and immediately looks at the client’s prior year tax return prepared by the client. The practitioner notices that an error was made on the prior year tax return resulting in a substantial understatement of tax. What responsibility, if any, does the practitioner have regarding the error on the prior year tax return under Section 10.21:
 - a) the practitioner must notify the client of the error
 - b) the practitioner must notify the client of the error and advise the client of the consequences of the error
 - c) the practitioner has no obligation to do anything since the practitioner did not prepare the tax return
 - d) the practitioner may not retain the client unless and until the client agrees to amend the prior year return
4. Which of the following is true regarding the fees charged for preparing a tax return:
 - a) a practitioner may not charge an unconscionable fee
 - b) no practitioner may charge more than \$200 per hour
 - c) practitioners may not prepare tax returns on a “pro bono” basis. A practitioner is free to set his fee schedule but may not deviate from the fee schedule once set
 - d) a practitioner may base his fee for preparing a tax return as a percentage of the refund
5. Which of the following is true regarding a practitioner’s duty to return client records:
 - a) a practitioner must, at the request of a client, promptly return any and all records of the client that are necessary for the client to comply with his or her federal tax obligations
 - b) a practitioner may generally withhold any and all client records until all past due fees have been paid
 - c) a practitioner may withhold only those records that are the subject of a fee dispute. All other client records must be returned promptly
 - d) once a tax return has been completed, it is considered to be a client record. A completed tax return must be provided to a client even if the client is unable to pay the fee for its preparation

6. An Enrolled Agent is considering soliciting for customers via e-mail. Which of the following is true in this situation:
- a) there are no restrictions under Circular 230 related to e-mail solicitation campaigns
 - b) the EA must keep a copy of the e-mail for 24 months
 - c) there are restrictions on the use of e-mail solicitations but not for the use of printed mailings sent through the mail
 - d) the EA must keep a copy of the e-mail along with a list or other description of persons to whom the communication was sent for a period of at least 36 months
7. Which of the following practitioner sanctions may be imposed by the IRS for violations of the rules under Circular 230:
- a) suspend or disbar
 - b) censure, suspend, or monetary fine
 - c) censure, suspend, disbar, or monetary fine
 - d) censure, disbar, or monetary fine
8. Which of the following is true regarding tax return preparer penalties:
- a) most clients offer to pay any preparer penalties imposed by the IRS
 - b) there are no preparer penalties other than for failure to sign a tax return
 - c) there are about 150 penalty provisions that a preparer could run afoul of
 - d) tax return penalties are of no concern to the preparer since they only apply to clients, not the preparer
9. Which of the following is true regarding abusive tax shelters:
- a) there is no hard and fast definition of abusive tax shelter arrangements
 - b) the promised benefits may include a reduction or elimination of income subject to tax
 - c) the promised benefits are inconsistent with the tax rules
 - d) all of the above
10. What have the courts ruled regarding abusive trusts:
- a) the courts have never levied any penalties on the promoters of abusive trusts
 - b) the courts have generally held in favor of the IRS in seeking to outlaw abusive trust arrangements
 - c) the courts have generally upheld the taxpayer's right to use the trusts and to pay little or no tax
 - d) the courts have generally upheld the use of abusive trusts except when there was a defect in the drafting of the trust document

***Congratulations –
you've completed the exam!***

ETHICS AND PROFESSIONAL RESPONSIBILITY FOR ENROLLED AGENTS #4525G
(2 CPE hours) – ANSWER SHEET (2/10)

Important Note: For certification, this answer sheet must be completed and submitted to PES for grading within one year from the date of purchase. Please use black ink and print for quicker processing – thank you.

Name (as it appears on your license) _____

Address _____

City _____ State _____ Zip _____ Home Work

Daytime Phone (____) _____ E-mail address (for online grading) _____

License Number _____ State _____ Expiration Date _____ CPA, CFP, EA (circle one)

If course was ordered by another party, please indicate name here: _____

GRADING OPTIONS – Please choose only ONE of the following:

- **ONLINE GRADING** – Visit our website at <http://www.mypescpe.com>.
 - Login to your account (if you are a first-time user, you *must* set up a new user account).
 - Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder.
 - If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **Mail** – Mail your exam to: PES, 4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746
- **Fax** – Fax your exam to (916) 791-4099 and choose **one** of the following options:
 Please: mail my results only or fax phone my results to: (____) _____

PLEASE INDICATE YOUR ANSWER BY FILLING IN THE APPROPRIATE CIRCLE

	A	B	C	D		A	B	C	D
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	7.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	9.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	10.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete the attached course evaluation – your opinion is extremely valuable.

Ethics and Professional Responsibility for Enrolled Agents #4525G - Course Evaluation

Rate on a scale of 1-10 with 1 being poor and 10 being excellent.

- 1. The course met the course objectives described in the promotional material. _____
- 2. The course was up to date, held my interest, was timely, and effective. _____
- 3. The course materials were understandable, valuable, and suitable for a correspondence course. _____
- 4. The amount of advance knowledge and stated prerequisites were appropriate. _____
- 5. The completion time was appropriate for the number of credits allowed. _____
- 6. The course met my professional education needs. _____

Please answer the following questions – mark/rate any and all that may apply

- 1. How would you rate PES's order desk _____
 customer service _____

2. What can PES do to keep you as a valued customer?

3. Any other comments regarding this course or our company would be appreciated.

4. What other courses/subjects would you like to see PES offer in the future?



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